

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 MARCH 2023

Vali first gas production achieved delivering maiden revenue

Vali (ATP2021):

- Commencement of Vali-1 production and sales on 21 February 2023.
- Vali-3 commenced production on 27 March 2023 providing sales gas from two wells to AGL.
- Vali-1 gas production performance in line with expectations.

Odin (PRL211):

- Odin flowline installed and remainder of tie-in project activities progressing to plan.
- Gas sales agreement negotiations with buyers well advanced.
- The Odin accelerated connection is anticipated to deliver first gas in the third quarter.

Corporate:

- \$5 million debt facility established to fund Odin/Vali development capex.

Metgasco MD Ken Aitken: “First gas production during the March quarter was a significant milestone for Metgasco and achieved our goal of pivoting from being an explorer to becoming a gas producer. Delivering Metgasco’s maiden revenue will assist in funding future business growth.

Vali-1 has continued to perform in line with pre-production forecasts and test results. Metgasco expects long term stable production from all three Vali wells once dewatering and other remedial actions are accomplished on Vali-2 and Vali-3. This is anticipated to be achieved within the current financial year.

The delays at Vali-2 and Vali-3 has not impacted our strong Vali reserves position, **over 80% of which remains uncontracted.**

Significant progress has been made in connecting the nearby Odin gas field to market and gas sales agreement discussions with interested gas buyers are advancing. Gas production from Odin remains on schedule for the third quarter of 2023.

Is it pleasing to report that Metgasco is fully funded for the Odin tie-in and Vali activities noted. Metgasco look forward to supplying gas to the Australian market from two projects in the third quarter of CY2023.”

Key figures(Net MEL)	March Q3 FY23	December Q2 FY23	FY2023 YTD
Sales revenue \$'000	179.77	-	179.77
Sales gas volume PJ	0.023	-	0.023
Production PJe ¹	0.024	-	0.024

¹ Petajoule equivalent: comprises sales gas and gas liquids.

The Quarter's activities and subsequent events are detailed below:

Cooper/Eromanga Basin Exploration Licence - ATP2021:

ATP 2021 (Metgasco 25%, Vintage 50% and operatorship, Bridgeport (Cooper Basin) Pty Ltd 25%)

ATP2021 is located in Queensland adjoining the Queensland- South Australia border (see Figure 1 below). ATP2021 contains the Vali gas field, discovered by Vali-1 ST1 in January 2020 and successfully appraised by Vali-2 and Vali-3 in the June and September quarters of CY2021. The Vali field has three cased and completed wells, which have been connected to the Moomba gas gathering network for supply to the eastern Australia domestic energy market.

The ATP 2021 joint venture has contracted to supply an estimated 9 PJ to 16 PJ of gas from the Vali gas field to AGL.

ATP 2021 is believed to contain the eastern portion of the Odin gas field, discovered by Odin-1 in the nearby South Australian licence PRL 211. Further discussion on PRL 211 (which has an identical joint venture composition to ATP 2021) and Odin follow.

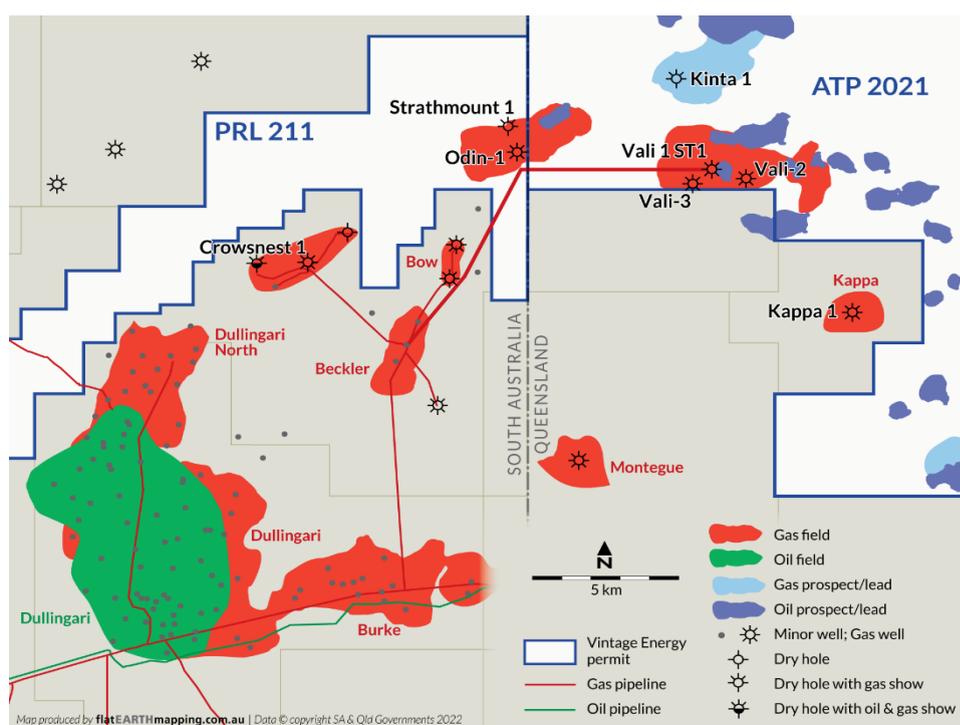


Figure 1: Cooper Basin permits PRL 211 and ATP 2021 including well locations Odin-1, Vali-1 ST1, Vali-2 and Vali-3. Source: Vintage

The 2P reserve of the Vali gas field is 101.0 PJ (25.2PJ net to MEL) independently certified and booked by Metgasco. The following tables detail the combined reserves estimates.

Table 1&2 – Vali Field Gross and Net Reserves:

Gross ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	43.3	92.0	191.2
Sales Gas (PJ)	47.5	101.0	209.8

Net Entitlement ATP 2021 Vali Gas Field Reserves			
	1P	2P	3P
Sales Gas (Bscf)	10.8	23.0	47.8
Sales Gas (PJ)	11.9	25.2	52.4

Notes:

- Reserves estimates reported here are ERCE estimates, effective 31 October 2021, first announced to the ASX 1 November 2021
- Metgasco is not aware of any new data or information that materially affects the Reserves above and considers that all material assumptions and technical parameters continue to apply and have not materially changed.

3. Reserves estimates have been made and classified in accordance with the Society of Petroleum Engineers (“SPE”) Petroleum Resources Management System (“PRMS”) 2018.
4. Company Net Entitlement Reserves are based on the Metgasco working interest share of 25% of the field gross Reserves and are prior to the deduction of royalties.
5. Sales Gas volumes are net of fuel and flare volumes.
6. All quantities subject to rounding to one decimal place for clarity purpose.

Vali Gas Sales

Metgasco's 25% share of gas supplied by the Vali gas field for the quarter was 22.64 terajoules. Gas from the field is being supplied to AGL pursuant to the long-term contract announced 23 March 2022. Further discussion on the Vali gas field and its performance is provided in the activity section below.

As previously advised, the contract provides for the supply of an estimated 9 to 16 PJ by the joint venture from start up to December 2026 within the framework of two supply tranches. AGL prepaid \$15 million to the joint venture in June 2022 as an advance payment to be recouped over the life of the contract. Accordingly, revenue reported for this contract in a given period comprises sales attracting cash payment and sales for which cash payment has been prepaid.

Gas liquids produced in the period are held for future sale.

Activity

Activity during the quarter was directed to the completion of commissioning and the commencement of production at the Vali gas field. Supply from the field commenced on 21 February 2023 as Vali-1 was brought online. Vali-3 commenced production on 27 March 2023, later than expected due to the time taken to source equipment to remove water accumulated in the well bore in the 237-day period since well completion. Similar operations were required and are ongoing at Vali-2, where residual frac fluid has impeded the establishment of stable production.

As advised previously, the initial phase of production from Vali is directed to field appraisal, with the data acquired to inform preparation of a full field development plan. The appraisal process will be reflected in variable production as individual zones and formations are assessed, understood and optimised.

At Vali-1 production is currently being sourced solely from the Patchawarra Formation. Vali-2 and Vali-3 will source initial production from the Toolachee Formation and will appraise the production performance of this formation in a crestal location on structure (Vali-2) and towards the outer limit of the structural closure (Vali-3). Production from the Patchawarra Formation at Vali-2 and Vali-3 will be addressed at a later stage, as part of the appraisal through production strategy.

Metgasco share of total production from the field for the quarter comprised 22.64 terajoules of sales gas, 2.79 tonnes of LPG and 71 barrels of condensate.

At quarter's end Vali-1 had been online for 38 days. Well performance has met pre-production forecast, averaging a raw gas stream rate of 4.05 MMscfd during this period. Vali-1 and the Vali facility recorded 99% availability in this period. Total system availability inclusive of non-operated downstream infrastructure recorded a 96% total system availability.

Vali-3 produced for 4 days prior to the end of the quarter. The well recorded average production of 1.3 MMscfd whilst online, lower than the stabilised rate of 3.5 MMscfd recorded on flowback² with the variation believed to be attributable to the ongoing clean-up of the well bore. Subsequent to the end of the March quarter production from Vali-3 in the period has been affected by a 6-day network outage downstream of the Vali infrastructure which required the well to be shut-in. Water accumulation in the well during this period has impeded restart of gas production and requires removal to facilitate gas flow into the separator.

Accumulation of fluid in the Vali-2 wellbore has prevented the establishment of stable production from the well. Visual analysis of this fluid indicates it is likely to be residual from fracture stimulation of the Patchawarra Formation, which has been stimulated, but isolated with a downhole plug to enable initial production to be sourced solely from the higher more permeable Toolachee Formation.

² Flow recorded over a 5.25-hour period through a ½" choke at a stabilised wellhead pressure of ~750 psig.

The appearance and the volume of fluid recovered suggests the downhole plug has permitted ingress of residual fracture stimulation fluid from the deeper Patchawarra Formation into the wellbore.

Limited availability of equipment and crew has delayed the scheduling of Vali-2 and Vali-3 fluid removal operations and these are expected to commence in early May 2023, focusing initially on Vali-2.

Cooper/Eromanga Basin Exploration Licence - PRL211:

PRL 211 (Metgasco 25%, Vintage 50% and operatorship, Bridgeport (Cooper Basin) Pty Ltd 25%)

PRL 211 lies in the South Australian Cooper Basin, with the licence's eastern boundary adjacent to the ATP 2021 western boundary (see Figure 1). The licence is in close proximity to the South Australian Cooper Basin's Joint Venture's gas production infrastructure at Beckler, Bow and Dullingari fields. The Odin Gas Field, discovered by the PRL 211 Joint Venture in 2021, is located in both PRL 211 and ATP 2021 on the southern flank of the Nappamerri Trough in the Cooper Basin.

The Toolachee and Epsilon formations were successfully flow-tested at Odin-1 in the final quarter of CY 2021, with a stable rate of 6.5 million standard cubic feet per day recorded at a flowing wellhead pressure of 1,823 psi through a 28/64" fixed choke. At the end of the flow period, a multi-rate memory production log was acquired, which confirmed gas flow was being contributed from each of the perforated Epsilon and Toolachee formations.

Contingent resources (2C) attributable to Odin, including joint venture and Metgasco shares and allocation between PRL211 and ATP2021 were reported as follows in Table 3&4 below;

Table 3&4 - Odin gross and net (25% equity) Contingent Resources:

Gross Odin Gas Field Contingent Resources (PJ)			
P	1C	2C	3C
Total	20.2	39.7	78.2

Net Odin Gas Field Contingent Resources (PJ)			
	1C	2C	3C
PRL 211	2.85	5.55	10.95
ATP 2021	2.00	4.00	7.80
Total	4.85	9.55	18.75

Notes on Odin Contingent Resource assessment:

1. Gross Contingent Resources represent 100% total of estimated recoverable volumes within PRL 211 and ATP 2021.
2. Working interest Contingent Resources represent Metgasco's share of the gross Contingent Resources based on its working interest in PRL 211, which is 25%, and ATP 2021, which is 25%.
3. These are unrisks Contingent Resources that have not been risked for Chance of Development and are sub-classified as Development Unclassified.
4. Contingent Resources volumes shown have had shrinkage applied to account for inerts removal and include hydrocarbon gas only.
5. No allowance for fuel and flare volumes has been made.
6. Resources estimates have been made and classified in accordance with the Petroleum Resources Management System 2018 ("PRMS").
7. Probabilistic methods have been used for individual sands and totals for each reservoir interval have been summed deterministically.
8. A conversion factor of 1.09 is applied to convert from billion standard cubic feet (Bscf) to petajoules (PJ).
9. Contingent Resources certified by ERCE are as at 14 September 2021 and updated on 29 March 2022 to reflect 25% net Metgasco ownership
10. Contingent Resources were first disclosed in a release to the ASX on 16 September 2021.

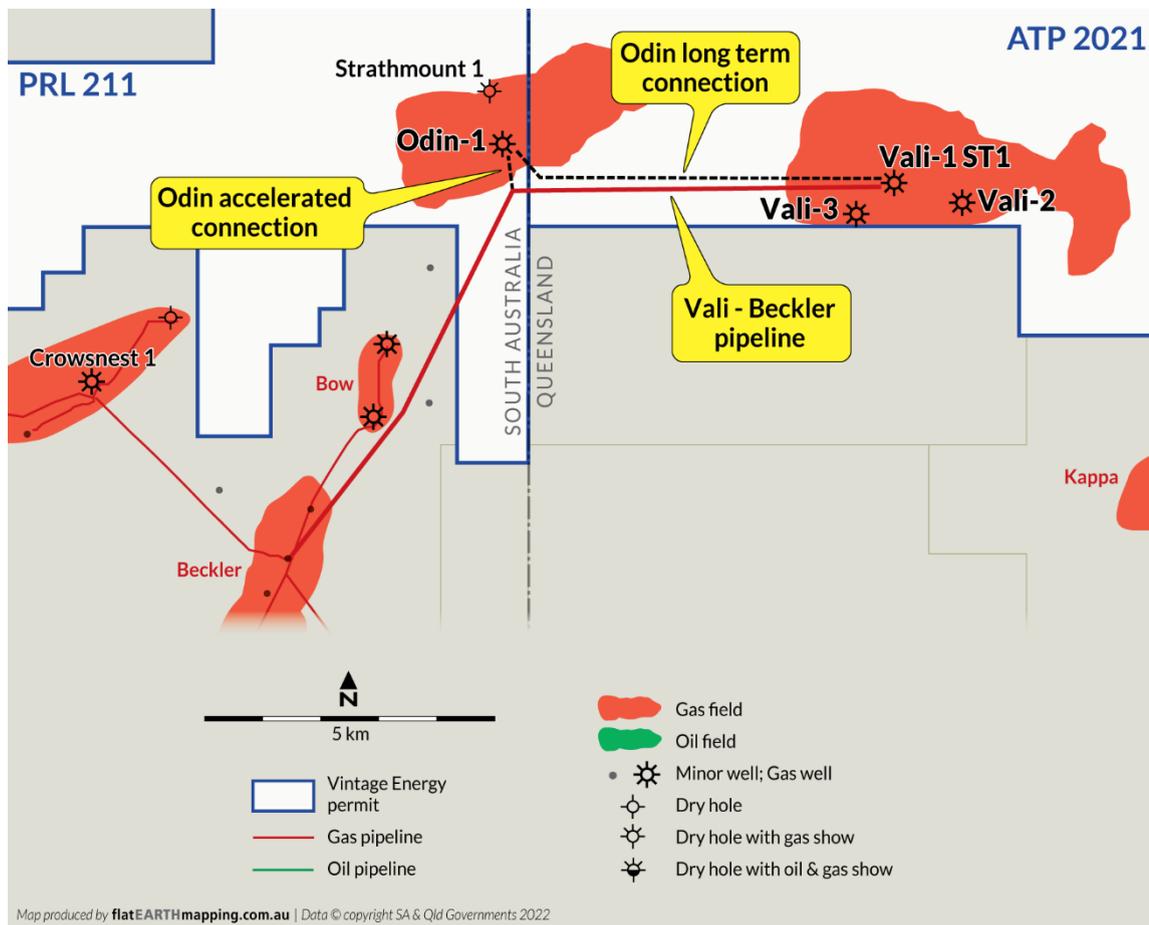


Figure 2: Illustration of Odin accelerated connection and long term connection to Vali

Activity

Activity during the quarter was directed to the accelerated connection of the Odin gas field to eastern Australia and contracting supply from the field.

Connection of the Odin gas field

As announced November 2022 the PRL 211 Joint Venture has resolved to accelerate connection and sales from the field via a two-stage connection program. The interim connection is projected to enable gas supply from Odin to the east coast from the third quarter of 2023.

The initial stage entails an interim connection via linkage to the Vali-Beckler pipeline through installation of a 1.4-kilometre Fiberspar connection. The Fiberspar line from the Odin well-site to the Vali-mid-line riser was installed in January 2023. Engineering, procurement and fabrication of materials and equipment required for tie-in were progressed during the quarter.

The accelerated interim connection will permit gas supply whilst the long-term connection, involving tie-back to the Vali facilities is being completed.

Gas contracting

Engagement with gas buyers for supply from Odin commenced, pursuant to ACCC approval for joint marketing for the 2023 and 2024 calendar years. Response has been encouraging and it is expected a gas sales agreement for supply from Odin will be secured.

Corporate Activities:

Business Development:

Metgasco terminated the agreement on 10 November 2022 for the staged acquisition of Patriot Hydrogen (“Patriot”), announced on 16 August 2022. Metgasco provided a modest secured working capital facility to Patriot, for plant shipment and delivery, and subsequent to the March quarter end successfully recovered the loaned funds. This recovery of funds definitively concludes the company’s engagement with Patriot Hydrogen.

During the quarter Metgasco continued to review a number of new business development opportunities, as well as potential new areas of business consistent with the Company’s strategic objectives and the evolving energy sector backdrop.

Finance Facility:

During the quarter Metgasco executed a \$5 million debt facility with long term shareholders Keybridge Capital and Glennon small companies. The facility will form part of the funding of the remaining capital requirements of the Vali field and deliver the Odin gas field project. The key terms of the 36-month facility have been detailed in an announcement to the ASX on 13 March 2023. As at 31 March 2023, \$720,044 has been drawn down of the \$5 million facility.

Cash position:

The Company ended the Quarter with a cash balance of A\$220,016, with debt facility funding available to draw down of \$4,279,956. The following is a reconciliation of the Company’s cash position from 1 January 2023 to 31 March 2023:

	\$A’000
Cash at 1 January 2023	820
Overhead and administrative	(246)
Production (net) *	(101)
Development assets expenditure	(747)
Exploration and evaluation expenditure	(154)
Net proceeds debt facility	<u>648</u>
Cash at 31 March 2023	220

* Gas sales receipts are received the month after production.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B):

Item 6.1: The aggregate amount of payments to related parties and their associates of \$140,462 relates to remuneration payments made to Directors including the Managing Director.

Shareholder base:

At 31 March 2023, Metgasco had 1,063,886,745 shares on issue and 2518 shareholders. Its top 20 holders held 458,628,047, or 43.11% of the Company’s issued capital.

Certified Resources and Reserves:

On 1 November 2021, the ATP2021 JV announced the reserves upgrade following the drilling of Vali-2&3. Contingent gas resources related to PRL211 were announced on 16 September 2021 and updated on 29th March 2022

Glossary:

MMscfd = Million standard cubic feet per day.

FWHP = Flowing wellhead pressure.

Bcf= Billion Standard Cubic feet

PJ= Peta Joules

ENDS

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Tenement Reference	Location	Nature of Interest	Interest at 31 March 2023	Interest at 30 December 2022
Cooper/Eromanga				
ATP2021	QLD	25% working interest in Licence	25%	25%
PRL211	SA	25% working interest in Licence	25%	25%
PRL237	SA	20% Working Interest in Licence	20%	20%

Forward Looking Statements:

This document may contain forward-looking information.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups.

By their very nature, the forward-looking statements contained in this document require Metgasco and its management to make assumptions that may not materialise or that may not be accurate. Although Metgasco believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Metgasco Ltd

ABN

24 088 196 383

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	27	27
1.2 Payments for		
(a) exploration & evaluation (if expensed)	46	46
(b) development	-	-
(c) production	(128)	(128)
(d) staff costs	(147)	(507)
(e) administration and corporate costs	(97)	(821)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(301)	(1,389)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(1)
(d) exploration & evaluation (if capitalised)	(200)	(195)
(e) investments	-	-
(f) oil and gas properties	(747)	(4,679)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Working capital loan to Patriot Hydrogen Limited	-	(100)
2.6	Net cash from / (used in) investing activities	(947)	(5,175)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,678
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(177)
3.5	Proceeds from borrowings	720	720
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(72)	(72)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	648	3,149

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	820	3,635
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(301)	(1,389)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(947)	(5,175)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	648	3,149

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	220	220

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	220	820
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	220	820

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
140
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts included in 6.1 are remuneration payments made to Directors

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,000	720
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,000	720

7.5 **Unused financing facilities available at quarter end** 4,280

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

As announced to the market on 13 March 2023, a 5 million debt facility has been provided Keybridge Capital and Glennon Small Company which can be drawn down within 12 months from the initial issue date. Term: 3 years from first drawdown. Interest rate:10%. Establishment Fee: 1% fee payable on drawn funds only. Security: Secured by way of a general security deed jointly over all present property of the Company. Early repayment fee equal to 5% of the face value of the notes redeemed early.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(301)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(200)
Capitalised development expenditure for oil & gas properties (Item 2.1(f))	(747)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,248)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	220
8.5 Unused finance facilities available at quarter end (Item 7.5)	4,280
8.6 Total available funding (Item 8.4 + Item 8.5)	4,500
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.6

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **28 April 2023**

Authorised by: **The Board**

Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.